

Hostage Relief Act

96TH CONGRESS
2D SESSION

H. R. 7085

To amend title 5 of the United States Code and the Internal Revenue Code of 1954 to provide certain benefits to individuals held hostage in Iran and to similarly situated individuals.

IN THE HOUSE OF REPRESENTATIVES

APRIL 17, 1980

Mr. FASCELL (for himself, Mr. ULLMAN, Mr. ZABLOCKI, Mr. BROOMFIELD, Mr. BUCHANAN and Mr. DERWINSKI) introduced the following bill; which was referred jointly to the Committees on Foreign Affairs, Post Office and Civil Service, and Ways and Means

A BILL

To amend title 5 of the United States Code and the Internal Revenue Code of 1954 to provide certain benefits to individuals held hostage in Iran and to similarly situated individuals.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*
3 That this Act may be cited as the "Hostage Relief Act of
4 1980".

1 **TITLE I—AMENDMENTS TO TITLE 5 OF THE**
2 **UNITED STATES CODE**

3 **INCOME TAX DEFERMENT**

4 **SEC. 101.** (a) Section 5568 of title 5 of the United
5 States Code is repealed.

6 (b) The item in the analysis for chapter 55 of title 5,
7 United States Code, relating to section 5568 is repealed.

8 **SPECIAL PROGRAMS**

9 **SEC. 102.** (a) Subchapter VII of chapter 55 of title 5 of
10 the United States Code is amended by inserting at the end
11 thereof the following:

12 **“§ 5569. Savings program, training, and reimbursement of**
13 **expenses**

14 “(a) The Secretary of the Treasury shall establish a sav-
15 ings fund to which the head of an agency may allot all or a
16 portion of the pay and allowances of any employee who is in
17 a missing status on or after November 4, 1979. Interest on
18 the savings fund shall be compounded quarterly at the aver-
19 age rate paid on United States Treasury bills with three-
20 month maturities issued during the calendar quarter immedi-
21 ately preceding the first day of the applicable pay period.

22 “(b) The President shall issue regulations to authorize
23 the heads of agencies to reimburse any employee who is in a
24 missing status on or after November 4, 1979, or dependent of
25 such an employee, for expenses incurred on or after Novem-

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ber 4, 1979, for necessary travel, rest and recuperation, private medical care, and other expenses related to the ordeal of the employee. Reimbursements under this subsection shall not exceed \$25,000 in any calendar year for any such employee, including all of his or her dependents, and shall not cover that portion of any expenses which may be paid for by insurance.

“(c) A spouse of an employee who is in a missing status on or after November 4, 1979, is entitled, under regulations prescribed by the President, to reimbursement for expenses incurred for tuition, books, fees, and subsistence while attending an educational or training institution. Reimbursement shall not exceed the maximum amount authorized to be paid to or on behalf of spouses of missing members of the Armed Forces under section 1731 of chapter 35, title 38, United States Code. Reimbursement under this subsection may be made for attendance at educational courses or training between the ninety-first day the employee is in a missing status and the end of the semester which follows the return of the employee to United States control, but not to exceed a total of forty-five months. Educational assistance shall be discontinued under this subsection to any individual if such individual's conduct or educational progress is unsatisfactory under standards comparable to those established pursuant to section 1724 of title 38, United States Code.

1 “(d) Notwithstanding section 2105 or section 5561(2),
2 for purposes of this section, the term ‘employee’ means—

3 “(1) an individual who is appointed in the civil
4 service or the uniformed services (other than the
5 Armed Forces), or

6 “(2) a citizen or resident alien of the United
7 States whose presence abroad is for the purpose of
8 performing a Federal function, as determined, by rule,
9 by the Secretary of State.

10 **“§5570. Extension of applicability of certain provisions of**
11 **the Soldiers’ and Sailors’ Civil Relief Act of**
12 **1940**

13 “Pursuant to rules to be issued by the Secretary of
14 State, a citizen or resident alien of the United States who is
15 in a missing status on or after November 4, 1979, is entitled
16 to the benefits provided by the Soldiers’ and Sailors’ Civil
17 Relief Act of 1940 (50 U.S.C. App. 501 et seq.), except for
18 the benefits provided by sections 104, 105, 106, 401 through
19 408, 501 through 512, and 514. To carry out this section,
20 when referred to in such Act the term ‘person in the military
21 service’ is deemed to include any such citizen or resident
22 alien, and the term ‘period of military service’ is deemed to
23 include the period during which such citizen or resident alien
24 is in a missing status as the result of a hostile action against
25 the United States as determined by the Secretary of State or

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1 is precluded from reasonable postal communications as the
2 result of hostile actions against a diplomatic mission, consular
3 mission, or other Foreign Service post of the United States
4 as determined by the Secretary of State. To carry out this
5 section, when referred to in such Act, references to the Sec-
6 retary of the Army, the Secretary of the Navy, the Adminis-
7 trator of Veterans' Affairs, and the Veterans' Administration
8 are deemed to be references to the Secretary of State. A
9 citizen or resident alien is deemed to be in a missing status if
10 the individual satisfies the requirement of subparagraph (A),
11 (B), (C), (D), or (E) of paragraph (5) of section 5561, but, in
12 the case of an employee, does not include the status of an
13 employee for a period during which such employee is offi-
14 cially determined to be absent from his post of duty without
15 authority."

16 (b) The analysis for chapter 55 of title 5, United States
17 Code, is amended by inserting after the item relating to sec-
18 tion 5568 the following new items:

"5569. Savings program, training, and reimbursement of expenses.

"5570. Extension of applicability of certain provisions of the Soldiers' and Sailors'
Civil Relief Act of 1940."

19 (c) Subsections (b) and (c) of section 5569 of title 5 of
20 the United States Code shall be applicable to all citizens and
21 resident aliens of the United States determined by the Secre-
22 tary of State to be held hostage in Tehran at any time during
23 November 1979 and to their dependents and spouses, as the

1 case may be, whether or not such citizens and resident aliens
2 are Federal employees for purposes of such subsections. Any
3 reimbursements with respect to any such individuals under
4 such subsections shall be made by the Secretary of State.

5 (d) Paragraph (2) of section 5561 of title 5, United
6 States Code, is amended by inserting “, except with respect
7 to section 5569,” after “means”.

8 EFFECTIVE DATE

9 SEC. 103. The amendments made by section 101 shall
10 apply to taxable years ending on or after December 31,
11 1979, and the amendments made by section 102 shall take
12 effect on November 4, 1979.

13 TITLE II—AMENDMENTS TO THE INTERNAL
14 REVENUE CODE OF 1954

15 CERTAIN PAY RECEIVED BY HOSPITALIZED FEDERAL
16 EMPLOYEES

17 SEC. 201. Section 112 of the Internal Revenue Code of
18 1954 (relating to certain combat pay of members of the
19 Armed Forces) is amended by inserting at the end thereof the
20 following new subsection:

21 “(e) FOREIGN HOSTILE ACTIONS.—

22 “(1) FEDERAL EMPLOYEES.—Gross income does
23 not include compensation received for active service as
24 an employee for any month during any part of which
25 such employee—

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1 “(A) was in a missing status as the result of
2 any hostile action against the United States, or

3 “(B) was hospitalized as a result of wounds,
4 injury, disease, or partial or total physical or
5 mental disablement incurred during a hostile
6 action against the United States; but this subpara-
7 graph shall not apply for any month beginning
8 more than 2 years after the date of the termina-
9 tion of the hostile action.

10 “(2) DEFINITIONS.—For purposes of paragraph
11 (1)—

12 “(A) HOSTILE ACTION.—The term ‘hostile
13 action against the United States’ means an action
14 abroad which is directed against the United States
15 and occurs on or after November 1, 1979, which
16 the Secretary of State identifies in a letter to the
17 Secretary and which letter is published in the
18 Federal Register.

19 “(B) FEDERAL EMPLOYEE.—The terms
20 ‘active service’ and ‘missing status’ have the re-
21 spective meanings given to such terms by section
22 5561 of title 5 of the United States Code, and the
23 term ‘employee’ has the meaning given to such
24 term by section 5569(d) of title 5 of the United
25 States Code.”

1 INCOME TAXES OF FEDERAL EMPLOYEES ON DEATH RE-
2 SULTING FROM HOSTILE ACTIONS IN FOREIGN COUN-
3 TRIES

4 SEC. 202. Section 692 of the Internal Revenue Code of
5 1954 (relating to income taxes of members of Armed Forces
6 on death) is amended by inserting at the end thereof the fol-
7 lowing new subsection:

8 "(c) FOREIGN HOSTILE ACTIONS.—

9 "(1) GENERAL RULE.—In the case of any indi-
10 vidual who dies on or after November 1, 1979, while
11 in active service as an employee, if such death oc-
12 curred as a result of wounds, injury, disease, or partial
13 or total physical or mental disablement incurred during
14 a hostile action against the United States—

15 "(A) any tax imposed by this subtitle shall
16 not apply with respect to the taxable year in
17 which falls the date of such individual's death, or
18 with respect to any prior taxable year ending on
19 or after the first day such individual was in a
20 missing status within the meaning of section
21 112(e); and

22 "(B) any tax under this subtitle which is
23 unpaid at the date of such individual's death (in-
24 cluding interest, additions to the tax, and addi-
25 tional amounts) shall not be assessed, and if as-

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1 sessed the assessment shall be abated, and if col-
2 lected shall be credited or refunded as an over-
3 payment.

4 For purposes of this paragraph, the date of death shall
5 be treated as being not earlier than the date on which
6 a determination of such individual's death is made
7 under section 5565 of title 5 of the United States
8 Code. This paragraph shall not apply for any taxable
9 year beginning more than 2 years after the date of ter-
10 mination of the hostile action as determined for pur-
11 poses of section 112(e).

12 “(2) DEFINITIONS.—For purposes of paragraph
13 (1), the term ‘active service’ has the meaning given to
14 such term by section 5561 of title 5 of the United
15 States Code, the term ‘employee’ has the meaning
16 given to such term by section 5569(d) of title 5 of the
17 United States Code, and the term ‘hostile action
18 against the United States’ has the meaning given to
19 such term by section 112(e)(2)(A).”

20 JOINT RETURN WHERE INDIVIDUAL IS IN A MISSING
21 STATUS

22 SEC. 203. (a) Paragraph (1) of section 6013(f) of the
23 Internal Revenue Code of 1954 (relating to election by
24 spouse) is amended—

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1 (1) by inserting "or as the result of a hostile
2 action against the United States (as determined for
3 purposes of section 112(e))" after "section 112)" in
4 subparagraph (A); and

5 (2) by inserting "or which begins on or before the
6 day which is 2 years after the date as determined for
7 purposes of section 112(e) as the date of termination of
8 the missing status of such individual" after "zone" in
9 subparagraph (B).

10 (b) Paragraph (3) of section 6013(f) of the Internal Rev-
11 enue Code of 1954 (relating to missing status) is amended by
12 inserting at the end thereof the following new subparagraph:

13 "(C) CITIZENS AND RESIDENT ALIENS.—A
14 citizen or resident alien of the United States
15 (other than an individual referred to in subpara-
16 graph (A) or (B)) is in a missing status for any
17 period during which such individual satisfies the
18 requirement of subparagraph (A), (B), (C), (D), or
19 (E) of paragraph (5) of section 5561 of title 5 of
20 the United States Code as determined by the Sec-
21 retary of State."

22 **FEDERAL TAX DEFERMENT**

23 **SEC. 204. (a)** Section 7508(a) of the Internal Revenue
24 Code of 1954 (relating to time to be disregarded) is amended
25 to read as follows:

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1 “(a) TIME TO BE DISREGARDED.—In the case of—

2 “(1) an individual serving in the Armed Forces of
3 the United States, or serving in support of such Armed
4 Forces, in an area designated by the President of the
5 United States by Executive order as a ‘combat zone’
6 for purposes of section 112, at any time during the
7 period designated by the President by Executive order
8 as the period of combatant activities in such zone for
9 purposes of such section, or hospitalized outside the
10 United States as a result of injury received while serv-
11 ing in such an area during such time, the period of
12 service in such area, plus the period of continuous hos-
13 pitalization outside the United States attributable to
14 such injury; or

15 “(2) a citizen or resident alien of the United
16 States who is in a missing status within the meaning of
17 section 112(e) or hospitalized outside the United States
18 as the result of wounds, injury, disease, or partial or
19 total physical or mental disablement incurred during a
20 hostile action against the United States within the
21 meaning of section 112(e), the period of such missing
22 status plus the period of continuous hospitalization out-
23 side the United States attributable to such wounds,
24 injury, disease, or disablement; and

1 the next 180 days thereafter shall be disregarded in deter-
2 mining, under the internal revenue laws, in respect of any tax
3 liability (including any interest, penalty, additional amount,
4 or addition to the tax) of such individual—

5 “(A) Whether any of the following acts was per-
6 formed within the time prescribed therefor:

7 “(i) Filing any return of income, estate, or
8 gift tax (except income tax withheld at source and
9 income tax imposed by subtitle C or any law su-
10 perseded thereby);

11 “(ii) Payment of any income, estate, or gift
12 tax (except income tax withheld at source and
13 income tax imposed by subtitle C or any law su-
14 perseded thereby) or any installment thereof or of
15 any other liability to the United States in respect
16 thereof;

17 “(iii) Filing a petition with the Tax Court for
18 redetermination of a deficiency, or for review of a
19 decision rendered by the Tax Court;

20 “(iv) Allowance of a credit or refund of any
21 tax;

22 “(v) Filing a claim for credit or refund of any
23 tax;

24 “(vi) Bringing suit upon any such claim for
25 credit or refund;

1 “(vii) Assessment of any tax;

2 “(viii) Giving or making any notice or
3 demand for the payment of any tax, or with re-
4 spect to any liability to the United States in re-
5 spect of any tax;

6 “(ix) Collection, by the Secretary, by levy or
7 otherwise, of the amount of any liability in respect
8 of any tax;

9 “(x) Bringing suit by the United States, or
10 any officer on its behalf, in respect of any liability
11 in respect of any tax; and

12 “(xi) Any other act required or permitted
13 under the internal revenue laws specified in regu-
14 lations prescribed under this section by the Secre-
15 tary;

16 “(B) The amount of any credit or refund (includ-
17 ing interest).

18 In the case of a citizen or resident alien of the United States
19 who is not an employee within the meaning of section
20 5569(d) of title 5 of the United States Code, such individual
21 is in a missing status for purposes of this subsection for any
22 period during which such individual satisfies the requirement
23 of subparagraph (A), (B), (C), (D), or (E) of paragraph (5) of
24 section 5561 of title 5 of the United States Code as deter-
25 mined by the Secretary of State.”.

1 (b) Section 7508(b) of the Internal Revenue Code of
2 1954 (relating to application to spouse) is amended by strik-
3 ing out "or" at the end of paragraph (1), by striking out the
4 period at the end of paragraph (2) and inserting in lieu there-
5 of ", or", and by inserting at the end thereof the following
6 new paragraph:

7 "(3) more than 2 years after the date as deter-
8 mined for purposes of section 112(e) as the date of ter-
9 mination of the missing status of the individual."

10 (c) Section 7508(c) of the Internal Revenue Code of
11 1954 (relating to missing status) is amended by inserting
12 "(1)" after "(a)" both times it appears therein.

13 **APPLICABILITY TO ALL TEHRAN HOSTAGES**

14 **SEC. 205.** Except as provided by the next sentence, the
15 amendments made by sections 201 and 202 to sections 112
16 and 692, respectively, of the Internal Revenue Code of 1954
17 shall be applicable to all citizens and resident aliens of the
18 United States determined by the Secretary of State to be
19 held hostage in Tehran at any time during November 1979,
20 whether or not such citizens or resident aliens are Federal
21 employees for purposes of such sections. For purposes of the
22 preceding sentence, the compensation of such individuals who
23 are not Federal employees which exceeds the daily equiva-
24 lent of the annual rate of basic pay in effect for level V of the

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1 Executive Schedule shall not be excluded from such individ-
2 ual's gross income.

3 EFFECTIVE DATE

4 SEC. 206. The amendments made by this title shall
5 apply to taxable years ending on or after December 31,
6 1979.

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